

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By **VICE CHAIRMAN BILL GLASER**, on January 8, 1999
at 3:00 P.M., in Room 402 Capitol.

ROLL CALL

Members Present:

Sen. Bill Glaser, Vice Chairman (R)
Sen. Jon Ellingson (D)
Sen. Alvin Ellis (R)
Sen. John Hertel (R)
Sen. Debbie Shea (D)
Sen. Mike Sprague (R)
Sen. Spook Stang (D)
Sen. Mignon Waterman (D)
Sen. Jack Wells (R)

Members Excused: Sen. Daryl Toews, Chairman (R)
Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Janice Soft, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SJR 2, 12/29/98; SB 31, 1/5/99

HEARING ON SJR 2

Sponsor: SENATOR SUE BARTLETT, SD 27, HELENA

Proponents: Wayne Buchanan, Board of Public Education
Don Waldron, Montana Rural Education Association
Jeanne Bauman, Montana Credit Unions League
Phil Campbell, Montana Education Association

**Steve Turkiewicz, Montana Council on Economics
Education**

Charles Brooks, Billings Area Chamber of Commerce

Frank Cote, State Auditors

Opponents: None.

Opening Statement By Sponsor:

SEN. SUE BARTLETT, SD 27, Helena, said her experience in chairing the interim Public Employment Retirement System (PERS) Committee made it clear that people needed additional information about financial planning in order to adequately prepare for their retirements. Therefore, she approached the interim committee with **SJR 2** and they gave unanimous approval to present the bill on their behalf. She explained **SJR 2** urged the Board of Public Education to integrate financial planning course work into the learner goals or performance standards of Montana's public schools. She said the "WHEREAS" sections give the rationale and referred to the material she handed out **EXHIBIT (eds05a01)** as being the sources for the information. She referred to page 2 and said the final "WHEREAS" recognized the constitutional authority of the Board of Public Education for general supervision of the public school system; that was one reason **SJR 2** was in resolution form and the other reason was they didn't want to establish an unfunded mandate for local school districts. **SEN. BARTLETT** said one of the reasons for the bill was to raise awareness of the need for this type of education, to incorporate it into the standards of public schools, i.e. to allow public schools to integrate this information into classes they deem appropriate -- materials are readily available and low-cost. She stated it was clear the retirement future of our children, as well as ourselves, would rest on their financial skills; it was important to their future that **SJR 2** be a part of their school curriculum. She urged the Board of Public Education to incorporate it into its standards or goals.

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Proponents' Testimony:

Wayne Buchanan, Board of Public Education, said **SJR 2** was a very good bill in its present form. He suggested an addition might be the importance of computerization and its kind of activity. He said he knew the Board would take this legislation very seriously.

Don Waldron, Montana Rural Education Association (MREA), read his written testimony. **EXHIBIT(eds05a02)**

Jeanne Bauman, Montana Credit Unions League, read her written testimony. **EXHIBIT(eds05a03)**

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Phil Campbell, Montana Education Association (MEA), said MEA wanted to go on record as supporting **SJR 2** for all the reasons the sponsor stated. He urged the Committee's favorable consideration.

Steve Turkiewicz, Montana Council on Economic Education, said the Council had supported economic training programs for teachers and has sponsored the Stock Market Gain program. He said they were very aware of the need for the strong economic and financial literacy of students and citizens. He said they wholeheartedly supported **SJR 2**, urged a DO PASS and congratulated **SEN. BARTLETT** for bringing it forward.

Charles Brooks, Board, Montana Council on Economic Education & Billings Area Chamber of Commerce, shared the basic education philosophy of the Billings Area Chamber of Commerce: "...The business community is a stakeholder in the product of public education. The Chamber supports continued funding for innovative and improvement efforts in the public school systems. We encourage business involvement in all aspects of public education, including business partnering with public education. We expect that we will see a continuing improvement in the educational system so the products of the educational system will be better prepared to meet the challenges, not only of their personal lives but also that of their business lives and the businesses in which they will be employed." He said there was a continuing need for our students to be educated as to how our economic system works and how it will provide the resources for them to have a retirement when they can no longer work. He urged the Committee's support.

Frank Cote, Deputy Insurance Commissioner, said his office regulated both securities and insurance industries and was very supportive of this type of legislation; in fact, his office in the past had partnerships with schools where the staff members had gone into classrooms and educated the students on insurance issues. He said they would be happy to continue that partnership. He urged the passage of **SJR 2**.

{Tape : 1; Side : A; Approx. Time Counter : 11.6}

Questions from Committee Members and Responses:

SEN. ELLIS said "basic economic principles" was inferred, but not distinctly stated, and what would be covered by this expansion of principles. **SEN. BARTLETT** said the focus was on financial planning; however, she did see there was a need to provide curriculum on basic economics of the United States, but she did not want to lose the need to teach it as a life skill. In other words, she did not want it to become conceptual or theoretical.

SEN. ELLIS asked **SEN. BARTLETT** if she would consider it a friendly amendment and she agreed.

SEN. ELLIS asked **Wayne Buchanan** how he felt about the above suggestion and was told he felt it was a very good idea because it would be very difficult to teach any kind of economic planning without going into finance.

SEN. WATERMAN asked if Montana Federation of Teachers (MFT) was part of Montana Education Association (MEA) and if so, did they need a copy. **Phil Campbell** said as yet they were not, but would be soon.

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SEN. SHEA asked where **SJR 2** would fit into the curriculum at the middle school level. **SEN. BARTLETT** said her interest was to provide flexibility for each district to decide where it best fit. If the Board were to adopt this type of approach as a part of the learner goals or standards, it might help define where they best see it fitting, i.e. vocational programs, current problems, etc. **SEN. SHEA** commented if the curriculum started at a lower level, more students could be reached, whereas, if it was begun at the high school or vocational level, fewer students would be impacted.

SEN. SPRAGUE commented his idea of education was to make it relevant and **SJR 2** certainly was relevant -- he commended **SEN. BARTLETT** on bringing it forward. He suggested it include cause and effect, i.e. checkbook management, interest rates, simple & compound interest, etc. He suggested **SJR 2** would also help with a juvenile justice crime problem, i.e. creating debt at a very young age.

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Closing by Sponsor:

SEN. BARTLETT said she appreciated the Committee's comments and questions and asked for its favorable consideration.

HEARING ON SB 31

Sponsor: **SEN. BARRY "SPOOK" STANG, SD 36, St. Regis**

Proponents: **Madalyn Quinlan, Office of Public Instruction**
Don Waldron, Montana Rural Education Association
Lynda Brannon, Montana Association of School
Business Officials
Colleen Graham, Montana School Boards Association
Tom Lockyer, Superintendent, East Helena Schools
Bonnie Jo Young, Clerk, Wolf Creek School District

Opponents: **None**

Opening Statement by Sponsor:

SEN. BARRY "SPOOK" STANG, SD 36, St. Regis, said under current law, school districts receive 10 payments of direct state aid from July - November; January - April; and June. In November and May school districts receive GTB and property tax payments. He said the current distribution schedule was established in the 1992 special session -- at that time it was projected the state's cash balance in the General Fund would be negative on June 30, 1993, and in order to avoid this situation the legislature temporarily set the last distribution of direct state aid for July 15, 1993. The regular legislative session of 1993 and HB 667 made the temporary distribution permanent, thus making the July 15 distribution date in place for seven (7) years. He explained the benefits of moving this date back to June 30 are some school districts find the delayed payment causes cash flow difficulties and they pay their teachers on a 10-month contract but with the present system find they don't have the necessary cash to pay the contracts by the beginning of summer. **SEN. STANG** went on to explain school districts would benefit from **SB 31** by not having to register warrants or borrow from other school district funds. The current situation can create conflicts between school district clerks and county treasurers because one of the parties wants to leave the June 30 books open until July 15; also, the payment delay prohibits school districts from reconciling their books by the required July 10 deadline, from completing the year-end Trustee Financial Summary and generating their final budgets in August. He also stated school districts experience a loss of interest -- if districts could earn interest on their final distribution, more money could be added to district general funds.

Proponents' Testimony:

Madalyn Quinlan, OPI, read her written testimony **EXHIBIT (eds05a04)**.

Don Waldron, Montana Rural Education Association (MREA), read his written testimony **EXHIBIT (eds05a05)**.

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Lynda Brannon, Montana Association of School Business Officials (MASBO), said **SB 31** helped schools, especially the smaller ones. She said the present system was an administrative issue for the school district clerks. She referred to the fiscal note and said the impact on the state's total budget was minimal. She informed the Committee she had contacted very many school district clerks and had tried very hard to get some negative comments on **SB 31** but received none; however, the non-levy revenue would be increased, which would be a loss to the state, but the state's loss would be made up in the Guaranteed Tax Base subsidy payment. She urged its passage.

Colleen Graham, Montana School Boards Association (MSBA), urged a DO PASS on **SB 31**.

Tom Lockyer, Superintendent, East Helena Schools, said he was representing his school's clerk and business manager and said the year-end procedures were hard enough and certain constitutional initiatives could make them even more difficult. He urged DO PASS on **SB 31**.

Bonnie Jo Young, Wolf Creek School District, said she urged a DO PASS on **SB 31** because it would aid in closing the books at the end of the fiscal year.

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Questions from Committee Members and Responses:

SEN. ELLIS asked about balancing the transfers at the end of a biennium. **Cathi Muri, Department of Administration**, said statute required them to pay a Tax and Revenue Anticipation Note by June 30 of each fiscal year, which was the problem in 1993. She said she went back to FY 1994-1998 and in the last five (5) years the cash balance would have been adequate to make the final direct state aid payment of \$30 million.

SEN. ELLIS said the last few bienniums left a bigger surplus than desired as pertaining to budget. He wondered about the supplementals, i.e. was the cash flow balance enough to withstand the difference. **Cathi Muri** said she could confirm the past 2.5 bienniums had adequate cash balance to accommodate **SB 31**.

SEN. GLASER asked how **SB 31** would be affecting CI-75. **SEN. STANG** said the revenue would be non-levy and should reduce the taxes.

Closing by Sponsor:

SEN. STANG said **SB 31** was basically the result of a juggling act and it was time to return it to the local school districts. He said there was a difference between the fund balance and cash balance at the end of the year.

ADJOURNMENT

Adjournment: 3:40 P.M.

SEN. DARYL TOEWS, Chairman

JANICE SOFT, Secretary

DT/JS